GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2775
ANSWERED ON:15.03.2001
SETTING UP OF GAS BASED PROJECTS BY NTPC
ANNA SAHEB M.K. PATIL

Will the Minister of POWER be pleased to state:

(a) whether the National Thermal Power Corporation is reviewing its decision to set up the four 650 MW each gas-based projects;

(b) if so, the reasons therefor;

(c) the details of the NTPC`s outstanding payment due to various SEBs as on date; and

(d) the steps proposed to recover the outstanding dues?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : The National Thermal Power Corporation (NTPC) had proposed the expansion (Stage-II) of 650 MW each of its Combined Cycle Power Projects at Anta in Rajasthan, Auraiya in Uttar Pradesh and Kawas and Gandhar in Gujarat. These projects were originally proposed to be set up with naphtha as bridge fuel and Liquified Natural Gas (LNG) as long term fuel. However, in view of abnormal increase in naphtha prices in the recent past, NTPC has decided to match commissioning of these projects with the availability of imported regassified LNG at a reasonable price.

Based on the expected cost of regassified LNG, the cost of generation is expected to be over Rs.4.30 per KWH. NTPC had sought reconfirmation from beneficiary States for availing power from these expansion projects at this indicative price to enable NTPC to take up construction of these projects. A number of beneficiary States have expressed their unwillingness to purchase power at this high cost of generation. NTPC will take up further processing of these expansion projects for investment approval only after confirmation of availability of LNG at reasonably firm price and acceptance of the cost of generation based on LNG price by the beneficiary states.

(c) : The State-wise details of outstanding dues payable to NTPC as on 31.1.2001 are at Annexure.

(d) : NTPC as well as the Central Government are taking various steps for recovery of outstanding dues of NTPC as indicated below :-

(i) NTPC management is actively pursuing recovery of dues with the concerned SEBs/State Governments.

(ii) A Special Incentive Scheme has been introduced by NTPC since September, 1994 to provide financial incentive to States which establish Letter of Credits (LC) to cover full amount of current monthly bills. By enhancing their LC to the required level, SEBs would be in a position to avail 2.5% rebate on payments made in four equated weekly installments and also obtain reimbursement of charges incurred for LC operation.

(iii) NTPC at times also resorts to regulation of power to the defaulting States after giving necessary notices as per law.

(iv) In order to help the PSUs to recover their accumulated arrears, the Government of India has form time to time undertaken appropriation out of the Central Plan Assistance (CPA) to the defaulting states for making payment directly to the PSUs.

The Union Cabinet approved the recovery of outstanding dues as on 31.12.1996 amounting to Rs.3894.42 crore, such that the deduction in any year for any State does not exceed 15 per cent of its CPA in that year. An amount of Rs.1614.56 crore has been received till date.

(v) Considering the financial difficulties of the Electricity Boards, NTPC has accepted payment against arrears from the willing SEBs in the form of Bonds with redemption period varying from 7-10 years. This has helped the SEBs to defer their liability towards NTPC.

(vi) The Government has approved a scheme of securitisation of the dues of SEBs to Central PSUs of Ministry of Power and Department of Coal. The scheme provides for

? Issuance of bonds by SEBs to the CPSUs of Power Ministry and Coal Departmento cover the principal amount due up to 31.12.1999 or any other mutually accepted date.

? The bonds would be backed by a State Government guarantee with specificallocations to be made in the State Government`s Budget for servicing of the bonds in the event of SEBs not being able to service the bonds.

? Additional comfort to the bond holders by deduction upto 15% of CPA allocations for the State concerned if the State Government is unable to meet the guarantee obligation for redemption of bonds.

? The bonds would have tax free status.

(vii) NTPC is also making efforts for incorporating provision for suitable paymentsafeguards in the Power Purchase Agreements being signed for its new projects. These include LC payment, provision for Escrow or equivalent comfort, backed- up by State government Guarantee.

(viii) The position is also reviewed periodically by the Ministry of Power and thematter is taken up at the level of Chief Secretary/Chief Minister.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (c) OFUNSTARREDQUESTION NO. 2775 TO BE ANSWERED IN THE LO SABHA ON 15.3.2001.

NTPC OUTSTANDING DUES AS ON 31.1.2001

(RS IN LACS)

STPS\SEB	OUTSTANDING	SURCHARGE	TOTAL AS ON DATE	BILLED OUTSTANDING
BIHAR	180722	118437	299159	
UTTAR PRADESH	193850	94104	287954	
DELHI	145756	140370	286126	
WEST BENGAL	81940	56996	138936	
MADHYA PRADESH	82950	33973	116923	
ORISSA	82060	10189	92249	
MAHARASHTRA	41446	21444	62890	
DAMODAR VALLEY CORPORATION	26193	35014	61207	
HARYANA	26987	26403	53390	
GUJARAT	28317	21190	49507	
JAMMU & KASHMIR	25759	22336	48095	
TAMILNADU	30527	13364	43891	
ANDHRA PRADESH	34257	9414	43671	
KERALA	35204	6229	41433	
RAJASTHAN	28929	9800	38729	
KARNATAKA	17932	8228	26160	
PUNJAB	8343	1836	10179	
ASSAM	3437	1753	5190	
PONDICHERY	2510	1218	3728	
HIMACHAL PRADESH	2063	1330	3393	
SIKKIM	2321	1043	3364	
OTHERS	-76	400	324	
TOTAL	1081427	635071	1716498	

ABBREVIATION:

STPS : Super Thermal Power Station
SEB : State Electricity Board.